

The Management REVIEW



SEPTEMBER, 1940

COMMENT • DIGEST • REVIEW

THE AMERICAN MANAGEMENT ASSOCIATION

The American Management Association is composed of industrial and commercial companies and executives interested in modern management. The AMA makes no profit, does no lobbying, and advances no propaganda. Its interests are solely the solution of current business problems.

Organization and Operation

The AMA serves its members through six divisions: Office Management, Insurance, Personnel, Finance, Marketing, and Production. Each of these divisions is headed and directed by a man drafted from industry.

Conferences

Each of the six AMA divisions holds at least one annual conference, where problems of timely importance in its field are discussed. Printed conference proceedings go to members of the divisions concerned.

Information and Research

The AMA Information and Research Department places at the command of every member company a trained research staff on management problems. In addition, the AMA maintains a modern, up-to-date library of management books and business publications.

AMA Periodicals

THE MANAGEMENT REVIEW (monthly) contains digests of articles on management appearing in over 400 publications, and brief reviews of current business books. It enables a busy man to survey all current topics of interest to him in less than 30 minutes. PERSONNEL (quarterly) publishes articles on employee selection, training, compensation, and the like. BUSINESS CONDITIONS AND FORECASTS (monthly) gives a summarized analysis of the statements of six of the foremost business services.

Editor — JAMES O. RICE, 330 West 42nd Street, New York, New York
Assistant Editor — M. J. DOOHER

THE MANAGEMENT REVIEW is published monthly by the American Management Association at 330 West 42nd Street, New York, N. Y., at fifty cents per copy or five dollars per year. Vol. XXIX, No. 9, September, 1940. Entered as second-class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

CONTENTS

SEPTEMBER, 1940

Volume XXIX

No. 9

Copyright, 1940
American Management Association
Printed in U. S. A.

The Management REVIEW

The Management Index

America's Opportunity in World Trade <i>Commerce</i>	314
Legal Brakes on National Defense.... <i>Nation's Business</i>	317
Get Set for a Shake-Up..... <i>Forbes</i>	313
Organizing for Office Maintenance.... <i>N.O.M.A. Proceedings: 1940</i>	322
Employment of Aliens and Plant Protection <i>Studies in Personnel Policy</i>	326
Apprenticeship: 1940 <i>Business Week</i>	328
How Far Do Salesmen Walk?..... <i>Advertising & Selling</i>	330
Consumers' Reaction to a Two-Price System <i>The Journal of Marketing</i>	331
Curtain Ringing Up on Inflation.... <i>Financial World</i>	333
Verification—How Far Is Too Far?.. <i>The Retail Executive</i>	335
Steam Boiler Explosion Coverage.... <i>The Insurance Broker-Age</i>	338
"Standard Provisions" in Fire Policies <i>The Journal of Commerce</i>	339
And Others	
The Management Question Box.....	341
Survey of Books for Executives	
The Pulse of Democracy..... Reviewed by Albert D. Freiberg	345
Capitalism the Creator.....	347
And Others	

THE song of the successful salesman, it would seem, is "Boots, Boots, Boots," because according to a recent test salesmen who walk farther than their colleagues sell more merchandise. The idea seems quaint in this highly motorized age, but the facts are undeniable. Pedometers were fastened to a number of salesmen's garters (or wherever they fasten pedometers), and it was discovered that the best salesmen were averaging 11 per cent farther than the just-so-so's. The long-distance go-getter hiked an average of 4.15 miles per day. The mediocre man covered an average of 3.72 miles. City salesmen walk much farther than rural or suburban salesmen, who by indulgence in motor travel are mere sluggards at 3.42 miles a day. Funny thing, salesmen walk a half mile farther on Tuesdays than on any other day. Maybe the answer is that they're pep-less on Monday after strenuous week ends and then remorsefully energetic on Tuesday. Or, maybe. . . . Well, little can be done about it anyway, so why theorize? Told step by step on page 330 (*How Far Do Salesmen Walk?*)

WRITINGS in scattered journals are beginning to draw our attention to the fact that certain legislation, in particular the wages and hours law and the Walsh-Healey Act, is not exactly designed to help industry speed up to meet the demands of the preparedness program. In fact, say many observers, these laws are having quite the reverse effect. But proponents of the measures point out that they do not prohibit a lengthened workweek—not if the employer will pay the required overtime. For the rebuttal, see page 317 (*Legal Brakes on National Defense*).

THINK of this, now: Someone has figured out that a common postage loss arises from weighing mail in post office sacks. Seems that the sacks get dirty, and the dirtier the heavier. The sender pays for unmailed grime. "We saved \$104 a year," reports the sharp-eyed publisher of a Wisconsin newspaper, "by weighing the papers without the sacks." (Page 325—*Postage Savings*.)

THE MANAGEMENT INDEX

General Management

America's Opportunity in World Trade

ECONOMIC thinking in the United States has gone into a slump as a result of the turn of events abroad. The prophets of gloom foresee the nation isolated, with export markets either gone entirely or dominated by totalitarian powers who will dictate the terms of world trade to their own exclusive advantage. These terms, they fear, may even be such that America's huge hoard of gold will become valueless.

A dark picture, but fortunately not a true one. No matter which side is victorious in the struggle for mastery of Europe, the demand for goods of all kinds is going to be enormous once the conflict ends. Indeed, the United States stands on the threshold of an opportunity to assume world leadership in restoring trade and prosperity to a basis of soundness not witnessed in many years.

The very fact that so much pessimism is being shown over foreign trade prospects has an encouraging aspect, for it indicates the growing realization that foreign trade is indispensable to prosperity. However, an important

segment of the American public still believes we are self-sufficient, and this misunderstanding must be cleared away.

Nearly every manufacturing industry in the United States depends on imports. In all, there are 368 products or ingredients we must import to keep our manufacturing industries going. The automobile industry alone imports 68 different materials from 57 countries. The manufacture of electric lamps requires imports from five continents. We rely on other countries for tin, rubber and a long list of basic raw materials.

Our dependence on export business is no less striking. One of the most difficult problems in the United States today—the farm problem—arose from the loss of export markets for surpluses of agricultural products.

Many American industries export a substantial part of their output. In 1937 we sold abroad 34 per cent of the typewriters manufactured in the United States, and we export some 30 per cent of our lubricating oils, 43 per cent of turpentine, automobiles 14 per

For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

X
cent, agricultural implements 15 per cent, office appliances 22 per cent, and industrial machinery 14 per cent. We produce 47 per cent of the world's manufactured goods but consume only 90 per cent of our own output. Loss of the market for the remaining 10 per cent would throw hundreds of thousands out of work and seriously lower living standards.

At the present time when trade with other nations is carried on under great difficulties, if at all, suggestions are heard that we should depart from traditional ideals of free enterprise in order to protect our trade or to take over new markets. The proposal for a cartel to dispose of all exportable surpluses in the Western Hemisphere is one suggestion; another is that regimentation is needed in order to compete with the regimented labor and industry of Europe—Germany, to be specific.

The idea that regimentation is necessary comes from the belief that Germany's regimentation of industry and labor gives her a great advantage. This is not only obviously untrue in terms of her own standard of living but thus far there is nothing even to indicate that with all her regimentation Germany can compete in terms of price and value with the free industry of the United States in world markets. If we halt the current trend toward higher costs in some industries, our competitive position should be strong in the post-war trade. Certain sacrifices will have to be made, but labor need not suffer if hours are extended or wage scales reduced; the increased employ-

ment will raise total annual earnings, which, after all, are the real measure of economic well-being.

A fallacious idea that has gained many adherents is the argument that the Western Hemisphere could be economically self-sufficient. The continents of North and South America produce 60 per cent of the world's wheat, corn, cotton, flaxseed and coffee, but they can consume only 33 per cent of that production. The Western Hemisphere also produces 67 per cent of the world's petroleum, copper, lead, zinc and nickel, but consumes only 36 per cent. Europe is the logical market for the surplus production, and to Europe it will have to go.

A great opportunity exists in Latin America, nevertheless, and while some of the highly optimistic estimates on trade prospects during the war period must be discounted, the future possibilities are greater than the most extravagant predictions. With the development of adequate motor highways, the full exploitation of natural resources, and with the resulting increases in wage scales and living standards, the possibilities for trade are tremendous.

The one thing all countries will need in order to have a big flow of trade when peace comes is stable currencies. The United States, with some 90 per cent of the world's gold in its possession, can restore sound money to the world. Unless we do so, the world may learn to get along without gold and we shall be stuck with practically worthless tons of metal.

One way in which to restore world trade with gold as the international medium of exchange would be to take some of our excess stock and place it in a central bank. This central bank, in which other nations could be invited to invest and participate, would then underwrite the various national currencies for international transactions. As an alternative to the central bank, we might lend gold to nations wishing to stabilize their currencies, although the very mention of "loan" is not like-

ly to arouse much enthusiasm here.

Since the dawn of history no nation was ever so well equipped as ourselves for world leadership in finance and commerce. We must keep our vision clear to view and understand the changing scenes, and be prepared to make our contribution to reconstruction of world economy. That will be the finest thing we can do to restore lasting peace to a peace-hungry world. BY C. M. WYNNE. *Commerce*, September, 1940, p. 18:5.

Love in Peoria

NEWEST wrinkle in public relations takes the form of a summer-fiction serial in *The Peoria Journal-Transcript*. Biggest industry in Peoria, with about one-third of the total population directly supported from its payroll, is Caterpillar Tractor Co. The paper's managing editor, abetted by the company's public relations staff, figured out that to a very large chunk of Peorians the most gripping locale for a love-and-adventure story would be the Caterpillar plant.

The consequence is an opus called "The Caterpillar Whiz." The Whiz is an inventive machinist at the tractor plant, playing opposite a Caterpillar stenographic number who thinks he is just too divine. Villain is the machinist at the next lathe. Villain breaks into Whiz's locker and steals invention—only to be thwarted by the girl friend, who is ably backed up by right-thinking, clean-living first-basemen and centerfielders from Caterpillar athletic teams, and by company executives who come in always on the side of justice and romance, though sometimes a trifle tardily.

No monumental work of literature, "The Caterpillar Whiz" has built up a red-hot following in the few days it has been exposing its plot to the public gaze, may launch a wave of industrialized, syndicated, serial fiction.

—*Business Week* 9/14/40

Service for Executives

TRANSFERRED to a new city, executives must dispose of one home, find another. An interstate real estate exchange, founded in Boston two years ago to help business men faced with this problem, now reports that it has helped 500 executives of 370 companies. Called the Transferred Executives Guild, the organization is really a clearinghouse of homes. Executives list their houses for rent or sale, along with their housing needs, and the Guild negotiates the selling, renting and buying at a small fee. Often barter comes into play, as two business men swap homes.

—*Forbes* 9/1/40

Legal Brakes on National Defense

BY Government, public and press, American industry is being told that its big job in the next few years is to aid in national defense. Though it is eager to cooperate in the national effort, it finds itself hampered by legislation and regulations which threaten to impair efficiency and put brakes on production. Wholly aside from the restrictions imposed by some labor unions, a long list of statutes threatens to hamper industrial efficiency as soon as the program of national defense calls for full speed ahead.

From the time of their first introduction in Congress, the wage-hour law and the Walsh-Healey law were criticized on the ground that they would hold back production and limit efficiency. That is precisely what they threaten to do, in the opinion of some army and navy officials and many employers, as soon as industrial operations toward national defense get fully under way. In some industries and some localities, a shortage of skilled workmen already exists, and the demand for labor is certain to increase with the speeding up of the defense program. To limit the services of these workmen to 40 hours a week, with the alternative of costly overtime pay, will, it is argued, slow up production, delay the output of war necessities, and possibly frustrate the whole scheme of military preparedness.

It is true, as stated by government and labor spokesmen, that neither the

wage-hour nor the Walsh-Healey act prohibits a lengthened workweek, provided the employer is willing to pay time and a half for the excess hours. But to provide for this uneconomical expenditure, the contractor must raise his prices. This, if done generally, would start an upward spiral of living costs, with its adverse effects felt by the whole population, including the wage earners.

This brings us to another curious oddity of bureaucratic administration. The Government urges employers to promote training programs for their workers in the interests of national defense. Under the current interpretation of the Fair Labor Standards Act, however, it seems doubtful just how much an employer can do along this line, and just how he can do it without making himself liable to pay wages—perhaps at overtime rates—for the time spent in training courses which are intended to develop skill on the job.

For this reason, some employers hesitate to establish these courses. In fact, some programs were discontinued or curtailed when the wage-hour administrator several months ago issued a ruling which required that, in many cases, all the time spent in attending company-conducted training conferences and lectures must be considered as time worked, and paid for at regular rates or at time and a half, depending upon the length of the workweek. Either the law or the regulations on

this point should be liberalized or at least clarified.

The Fair Labor Standards Act exempts executive and professional workers but leaves it to the administrator to decide who these workers are; thus far, administrative rulings have defined the terms rigidly. The Public Contracts Act, on the other hand, exempts office and custodial workers and applies indiscriminately to all employees directly engaged in production. The result of this inconsistency has been that many employers, unwilling to establish the precedent of paying overtime to salaried workers, have limited the hours of these employees to those set by the statute. As a result of this cautious policy, productive operations may be held up while the wage earners wait for plans or instructions from technicians who are not allowed to work more than 40 or 42 hours a week.

The restrictive effects of the National Labor Relations Act are of somewhat

different nature than those of the wage-hour law and the Walsh-Healey law. For example, as a result of Labor Board rulings highly critical of some actions of company guards, many employers now hesitate to adopt adequate measures for plant protection. This situation, highly dangerous in a time when national defense is of first importance, would become still worse if Congress finally should enact the La-Follette "labor spy bill," which passed the Senate in the present session.

Business men today are giving wholehearted support to the defense program, and they will continue to give that support regardless of legislative handcuffs or the Government's attitude. But the results will be far more valuable if the Government will drop the role of prosecutor and, at long last, show a sympathetic appreciation of the services and problems of industry. BY EDWARD S. COWDRICK. *Nation's Business*, September, 1940, p. 15:6.

Get Set for a Shake-Up

PEACETIME conscription will mean a large-scale shake-up in many companies. It will have the same effect as a sudden increase in labor turnover during a business boom; it will pose other and more out-of-the-ordinary problems as well.

Increased labor turnover means more time and money to be spent for recruiting and selecting new employees in a market where the demand

will exceed the supply. Employers may be competing with each other for even mediocre workers; "stealing" employees from other companies by promises of higher wages may become a real problem.

Many transfers and promotions will have to be made. The rapid accession and transfer of employees will mean increased training costs because of lowered output, greater spoilage, and

increased waste during breaking-in periods. Inexperience also means more accidents and higher workmen's compensation costs. All these results mean, in turn, a need for more efficient labor management than the vast majority of small, medium-sized and even large organizations have possessed in the past.

Wage and salary problems will be important, too. Workers promoted to higher jobs will expect commensurate pay increases. Women hired to replace men will expect the same job rates, if the quantity and quality of their work are the same.

Pay problems, however, will not be confined to the working force. Employees called for military service will expect some supplementary compensation, partly because of the publicity given the supplemental pay policies of a number of leading companies. Many employers intend to grant at least one month's pay. Furthermore, the dependents of drafted employees may turn to the employer for help in adjusting themselves to reduced incomes. To ignore these problems would be bad employee relations and bad public relations—both costly matters at a time when industry can ill afford friction with workers and the public.

Workers called for military service will also expect to retain their seniority rights and to "bump off" their replacements on return; provisions protecting drafted workers' seniority rights have already been written into a number of collective agreements.

On top of these problems will be difficulties caused by industrial mo-

bilization for national defense, including an intensified trend toward unionization and collective bargaining. But foresighted planning to solve draft problems will go far toward solving industrial mobilization problems.

A number of steps can be taken in advance to ease the shock when employees are called for service.

The first step is to make an inventory of jobs. If position specifications have not already been established, write a brief description of the duties and qualifications required for each classification of jobs in the company. Then prepare an organization chart showing the lines of authority and reporting relationship of every job, and another chart showing the normal lines of promotion. Finally, bind charts and specifications together to form an organization manual indicating job requirements.

The next step is an inventory of employees. What is the age of each worker? If foreign-born, has he been naturalized? What are his qualifications? What is his physical condition? How many dependents does he have? Is he a member of the National Guard or Organized Reserves? Is he an "essential" worker? What is his present job, and what other jobs has he held in the company or elsewhere? Are his skills "essential" in industrial mobilization for national defense? In order to spot employees for transfer and promotion, this inventory should include women employees and junior executives.

Employees likely to be called for

military service can now be earmarked, and steps taken to secure the release of "essential" workers. (Bear in mind, however, that the Government may wish to induce skilled men in non-defense industries to leave their jobs for work in defense industries; Washington has a confidential list of over 100 skilled occupations in which a shortage exists.)

With a record of job descriptions in one hand and of employee qualifications in the other, the replacement of workers likely to be drafted can be planned carefully in advance. Tentative transfers and promotions can be arranged, and special training given selected employees before these changes become necessary. Various sources of desirable applicants can be tapped, and a number of replacements mobilized and given pre-placement training. Women may be able to fill a number of vacated jobs; perhaps the draftees' wives may be trainable for certain classes of work and willing to take over the jobs temporarily.

In planning transfers, promotions and accessions, care should be taken to evaluate all classes of positions and to establish equitable pay schedules.

An organized procedure for individual wage and salary adjustments also needs to be developed.

Provisions should be made for temporary withdrawals from employee benefit plans. A drafted worker should not be asked to forfeit company service credits which he has earned in these plans. But here again, the financial condition of the company is the ruling factor. The main point is to have a definite and uniform policy.

Employees promoted to replace draftees must be advised that they will be demoted when and if their predecessors return, and all new employees must be told that their job tenure is temporary. It is important to set down these policies in writing and post them conspicuously in plant and office.

If management will give as much thought to these matters as it gives to the procurement of raw materials, to additional plant capacity, and to sales, the shake-up which will come with the drafting of employees will cause a minimum of expense and disruption of operations.

BY HAROLD B. BERGEN. *Forbes*, September 1, 1940, p. 11:3.

► THE BIG BEND division of the Washington Water Power Co. has developed a surefire system of getting its employees to read all the company bulletins which are turned out. As any company knows, this is no mean job. Big Bend tried various methods before, but results were always spotty. Now the bulletins have a readership close to 100 per cent. In the men's and women's rest rooms, bulletin boards have been installed on the wall, level with the visitors' eyes.

—*Business Week* 8/24/40

Office Management

Record Storage Practice

TWENTY-FIVE years ago the advantage of systematically storing old records was acknowledged by comparatively few companies. Today, with increased government interest in the operation and earnings of business, the storage filing of practically all records is universally recognized as a prudent policy.

Generally speaking, there are two types of containers for record storage: (1) the drawer-type transfer file, for semi-active records; and (2) the record storage box designed specifically for storing so-called dead records, to which reference is perhaps infrequent but nonetheless important.

When there are many records, careful labeling and indexing of the files or boxes is of utmost importance. The record-storage routine should be so set up that it will function smoothly over a long period and through possible changes in clerical personnel.

To accomplish this, it is suggested that files or boxes be selected that are properly constructed for the purpose. Such boxes and files come provided with labels for the proper "contents" information. In addition to filling out these labels, by all means adopt the *serial numbering method*. Under this

method, each drawer or box is assigned a number as the records are placed in it. Records of the same character or having the same title should be grouped and each group start with No. 1. Keep a record index by titles of everything in storage, showing title of record, where located, and serial number of box.

In the larger storage rooms the practice of numbering sections or tiers as well as shelves is often followed. In such a case it is a simple matter to add to the record in the index the section number and shelf number. The index would then read: "Correspondence—General 1937 A-B, Section 3, Shelf 4, Box No. 55."

Often a destroying date can be determined when the records are put into storage. This date should be placed on the label and a corresponding date listed in the index. For example, if a 10-year period of storage is decided upon for the correspondence referred to above, the box or file label would then be marked, "Destroy December, 1947," and similar notation added to the index.

From "Manual of Record Storage Practice," published by the Bankers Box Company, Chicago. 8 pp.

► AN ANALYSIS of 646,274 replies from 304 magazine advertisements indicates that free samples attract approximately twice as many coupon-clippers as when a charge is made.

—Sales Management 7/1/40

Organizing For Office Maintenance

THE cost of maintaining office equipment in first-class operating condition can run to a considerable figure unless some efficient, workable organization is set up to control such maintenance.

If centralization is the key to efficiency in the setup of stenographic, filing or purchasing departments, for example, a similar organization would seem to be the answer in maintenance activities. In the small office the logical person to oversee and control these operations might be the office manager; in the large office it would be a separately constituted department, the size of which would be determined by the amount and variety of the equipment to be cared for. The person or persons to supervise such maintenance should be possessed of some practical knowledge of machines so that minor or unnecessary repair calls could be obviated.

No efficient control is possible until a complete set of records is compiled

of equipment purchased, with purchase date, make, source, cost, serial number, department to which assigned, with identifying code number, and cost of maintenance contract (if any) for machines. These records should be centralized and kept up-to-date with every new purchase and every service rendered for which a charge is made.

There are several groups of office equipment that require a variety of services to keep them in first-class condition. For example, wood desks and chairs, if of good quality, can be made to give long service if well cared for. Special linoleum tops for wooden desks (similar to the tops on steel desks) will help to preserve them. Skilful use of sandpaper and a few coats of Valspar will add years of life to wooden equipment which becomes badly scratched, marred or splintered. Leather furniture that appears to have outlived its usefulness may be attractively disguised in cleanable slipcovers. Many offices have, within their

M - D A Y

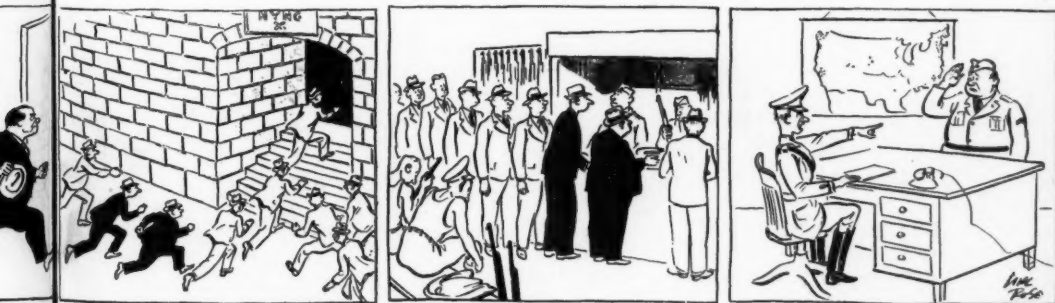


own organizations, inexpensive facilities to make such repairs.

In respect to the manual and electrically operated machines, two rules should be observed by a maintenance department: Permit no unauthorized calls for service, and make sure machine operators familiarize themselves with all instruction books describing the operation and parts of their machines. In the case of typewriters, an organized maintenance department might begin by influencing the selection of machines which can take considerable punishment but require a minimum of service. In some organizations, classification is made of typewriters. Those which are used for correspondence and work which goes outside the office are traded in regularly every three years; this results in low maintenance costs and high trade-in value. Other machines which are used for inter-office operations are retained and serviced when necessary by a general overhauling (not rebuilding). Such machines will sometimes give ten years of satisfactory service with little expense for upkeep. Here, again, some

central authority should make decisions as to necessary service and OK all bills, seeing that they are charged to the proper departments.

For the more expensive equipment, most of which is electrically operated, maintenance contracts are usually available. When contrasted with the actual service costs over a period of a year, most of these contracts are scarcely justified (where a year's free service is guaranteed upon the purchase of a machine) until the beginning of the third year of use. And even then such maintenance contracts are not justified until the yearly cost of maintenance of the machine exceeds that of the contract. Just as soon as machines begin to require service or major repairs with any degree of frequency though they are not yet approaching the turn-in stage, maintenance contracts are likely to be the least expensive means of keeping such equipment in efficient working order. Sometimes a piece of equipment is sufficiently complicated and costly to justify placing it under inspection and maintenance service at once. An im-



—Courtesy of The New Yorker

portant point to check in connection with a maintenance contract is whether it includes service and parts, or service only. In most contracts, parts are extra.

Even in a small office it is a decided advantage to have some sort of ama-

teur technical assistance—office boys, stockroom men, shipping clerks—for minor service jobs. In the larger organizations, of course, a company-operated service department will amply justify its existence. BY EDITH HARPER. *N.O.M.A. Proceedings: 1940*, p. 71:3.

U. S. and European Living Standards

BUSINESS orators have long offered figures on American and European living standards in arguing the case for capitalism. The data can now take an even greater role in showing why the country is well worth fighting for. Belt-notch facts, they are probably more impressive than appeals based on idealism.

A comparative study of living costs in the United States and six foreign nations* shows that the American laborer's food purchases are consistently ahead of any of the other countries. Before the war the American wage earner could get 7.5 pounds of bread for one hour's work—about 50 per cent more than the British, French or Belgian worker; three times as much as the German; four times as much as the Russian. Butter consumption showed the United States leading with 1.6 pounds per hour, with Russia's figure of 0.2 trailing. The American worker, for one hour's work, got more than four times as much coffee as the French or Belgian, more than five times as much as the British worker, more than eight times as much as the German, and 26 times as much as the Italian or Russian worker.

In a comparison of a group of foods, a balanced diet of 24 items shows the four democracies in the first four positions (the United States leading with 2.83 baskets of food per hour of work); the dictatorships ranked fifth, sixth and seventh (Russia low: 0.40).

American wage earners can spend more than one-third, Europeans one-quarter, of their incomes for luxuries. German workers have to spend more than one-half their earnings on food, have one-seventh left for sundries.

—*Advertising & Selling* 9/40

* Great Britain, France, Belgium, Germany, Italy and Russia.

AMA OFFICE MANAGEMENT CONFERENCE

The Office Management Conference of the American Management Association will be held on Thursday, Friday and Saturday, October 24-25-26, at the Hotel Roosevelt, New York City.

Jive on the Job

THEY'RE not expected to jive to the swing music or turn handsprings, but maybe some hot tunes will help employees of the Curtiss airplane division of Curtiss-Wright Corporation turn out more planes.

Curtiss now is negotiating with Transtudio Corporation, Buffalo, to provide continuous music service to the plant from 600 loudspeakers with the idea of increasing efficiency and speeding output. Transtudio executives claim light dance music will increase productive capacity of a plant at least 10 per cent.

A Curtiss executive said the music will "provide a pleasing interlude to the day's work," but he is fearful "that if there is too much jazz during working hours an operator with a riveting machine might continue the tit-tat in rhythm with the music and over-rivet his job."

—*The Wall Street Journal* 9/13/40

Pneumatic Tube System Cuts Time and Overhead

JUST as much a handling problem as moving materials is the task of keeping orders, mail and reports moving smoothly and rapidly through offices and plant. It's a job still widely done by hand, by messenger service. But where production is fast-moving and of great volume, mechanical handling can bring savings and speed.

A New York plant operates a highly integrated tube system in its factories, with tubes radiating from central desks in main and factory offices to every control department in the plant. From the time the sales order is received until the shipping department notifies that it is time to invoice the customer, all orders and paper work are transmitted in their successive steps through this nerve-like system.

A three-inch tube provides service from a central station in the office building to all general departments, including the production planning department, from which a four-inch tube, the largest, goes directly to the factory office. Here is located the factory dispatch station with 2¼-inch tubes radiating to every department in the factory. Another three-inch tube connects factory dispatch station with first aid, pattern shop, and another dispatch station handling steel shop production exclusively. Still another 2¼-inch tube joins steel shop departments with their dispatch headquarters.

Factory cost control, planning, and production control are particularly facilitated by this tube network, for through it factory, stock and purchase orders are distributed, as well as time and job tickets and mail.

—*Factory Management and Maintenance* 7/40

Postage Savings

DO YOU pay more postage than you should because of the considerable amount of dirt picked up by mail sacks as they grow old from constant use? Most large concerns put their heavy mailings in post office mail sacks, which are weighed in at a local post office. An allowance is made for weight of new sacks, but they increase in weight as they grow old, both from the dirt they acquire and from extra canvas used for mending torn places.

"In our case, this difference in increased weight amounted to about \$2 a week—\$104 a year," reports the publisher of the Monroe (Wis.) *Evening Times*. "Now our local post office weighs in the papers without the sacks, and we are making this saving in postage."

—*The New York Press* 9/40

Personnel

Employment of Aliens and Plant Protection

INFORMATION provided by 149 companies, mainly in metal-working industries that might be expected to be quickly affected by the national defense program, shows the following facts regarding employment of aliens and policies of plant protection:

1. In a little over 30 per cent of the companies, aliens constitute not more than 1 per cent of the total working force. In only four companies do aliens number over 20 per cent of the total. The largest proportion of aliens in any of the reporting companies is 27 per cent.

2. Complete information regarding the citizenship status of employees has been secured by 112 of the 149 companies. In some cases it was already available and in other cases a special citizenship census of employees was taken.

3. Employment has been restricted to citizens in 93 companies, while no such restriction has been imposed by 51 of the 144 companies reporting on this point. In 32 of the 93 companies which restrict employment, the policy would apply to employees already on the payroll as well as to applicants. In the other 61 companies persons now employed would be exempt from the restriction.

4. Restriction of employment to citizens is not necessarily connected with production for defense. Of the

companies that refuse employment to aliens, 65 are engaged in defense work directly or indirectly, and 23 are not. Among those that do not restrict employment to citizens, 21 are engaged in work for the defense program and 28 are not.

5. Information about methods of identifying employees was given by 144 companies, of which 85, or more than half, have found it unnecessary to provide special identification devices. A metal badge, usually carrying the employee's number, is the symbol most often used. Other devices, in order of use, are photographic badges, identification cards, photographic passes, pass checks, signature passes and buttons. Variation of color and style in some cases indicate the areas to which particular identification devices will give access.

6. In only five of the 149 companies have employees been fingerprinted.

7. Responsibility for detecting the presence of unauthorized strangers was placed most frequently on gate guards, foremen, supervisors or department heads, and roving patrols.

8. The procedure most often followed in regard to a person who arouses suspicion is to report the matter to the foreman, department head or the individual's superior. This superior may notify the plant police or gate guard, or may conduct the

stranger to the superintendent's office.

9. Most plant protection programs are based on a standard procedure calling for guards at all gates during the daytime and one or more night watchmen covering specified beats during the period that the plant is closed. Some variations and extensions of the basic program are: enclosing the entire plant area with a high fence;

adequate lighting of the property, sometimes floodlighting certain areas; and adding extra guards or patrols, operating on no fixed schedule, to supplement the work of the regular night watchmen.

BY HAROLD F. BROWNE. *Studies in Personnel Policy No. 24*, National Industrial Conference Board, Inc., September, 1940. 16 pages.

Strike Record

THE decline in the number of strikes which has characterized each year since 1937 continued into the first six months of 1940. The strike record for the first half of 1940 compared with the similar period in previous years shows: fewest strikes since 1934; fewest workers involved since 1932; fewest man-days idle since 1930.

Declines in the number of workers involved and in man-days of idleness were much greater than in the number of strikes, a fact which is due to the existence of a single strike in the first half of 1939 that involved 320,000 workers and over 4,000,000 man-days of idleness. This was the work stoppage in the coal industry, which was alleged by the companies to be a strike and by the union involved to be a lockout.

The records show a decrease in the number of strikes in the first six months of 1940 as compared with the same months in 1939 from 1,401 to 970, a 31 per cent drop. The number of persons involved showed a decrease of 73 per cent, from 716,687 in the first six months of 1939 to 196,695 in the corresponding months of 1940. Eliminating the 320,000 workers involved in the bituminous coal strike from the workers involved in disputes in 1939, there would still be a drop of 50 per cent in 1940.

The decrease in the number of days' work lost was still greater. From 11,092,000 man-days lost in the first half of 1939, the figure dropped to 2,378,000 for the first six months of 1940, a decrease of 8,714,000 or 78 per cent. If the 4,226,400 man-days idle as a result of the bituminous strike in 1939 were eliminated from the totals, there would be a decrease of 35 per cent in 1940.

—*Labor Relations Reporter* 9/9/40

"Tomorrow Department"

THE current demand for skilled workers, and the corresponding increase in training programs, underline the foresight of Chrysler Corporation's "Tomorrow Department." Set up several years ago, and now being studied by other companies, the project provides workbenches, tools and instruction for sons of plant employees. Also investing in the future by sponsoring programs to help the American Boy become a useful citizen are Chevrolet, with its "Soapbox Derby," rewarding thousands of boy builders, and Ford, with the "Good Drivers' League," which is promoting safety among youthful drivers in 48 states.

—*Forbes* 9/1/40

Production Management

Apprenticeship: 1940

NATIONAL defense production requirements have focused new attention on apprentice training. To provide industry with guidance, a Federal Committee on Apprenticeship has been established.

One job of the committee is to keep informed on going apprentice schemes and to be prepared with recommendations for employers who face parallel problems. An apprenticeship program which the federal committee considers exemplary is being conducted at the Fairbanks, Morse & Co. plant in Beloit, Wisconsin.

This plant employs around 4,000 metal trades workers and, under collective agreements with both the C.I.O. and A.F.L., it employs between 100 and 200 apprentices. The F. M. apprenticeship system is administered in cooperation with the Wisconsin Industrial Commission under the state apprenticeship law. Because the federal committee recognizes the commission as a satisfactory apprentice-supervising agency, Fairbanks, Morse apprentices are exempted from wage-hour law regulations.

The apprentice is placed under an indenture, the form of which is prescribed by the state. In case of a machinist apprentice, for example, the agreement states that the boy shall be apprenticed at the machinist trade for a period of 8,320 hours (four years) of work on the job, of which the first

500 hours (three months) shall be considered probationary. At least 144 hours per year of this time shall be devoted to class work in subjects related to his trade at the local public vocational school.

It is agreed that the apprentice will work for approximately six months each on drill presses, radial drills, milling machines, and bench assembly; and approximately eight months each on engine lathes, turret lathes, and boring mills.

The apprentice wage scale, fixed by six-month intervals, advances from 30 cents an hour in the first year to 53 cents an hour in the last half-year period. The apprentice is guaranteed a bonus of \$100 on graduation in addition to a certificate endorsed by the employer and the state supervisor of apprenticeship.

Apprenticeship in the plant is under the sole charge of a company-employed supervisor, who is responsible to the plant superintendent. He examines the work of each apprentice every day, and maintains a permanent record of his progress. Written monthly reports from shop foremen help him in making his judgments. No matter how well adapted an apprentice may be for one type of work, he is not allowed to remain at it for a longer period than his contract sets, but must be moved along to other operations.

The company stimulates the interest

and productivity of its apprentices with varied techniques. Example: F. M. will pay an apprentice piece rates above the guaranteed scale which the indenture sets if he is good enough to earn it. The arrangement gives the boy an opportunity to earn 50 per cent of the standard rate his first year, 75 per cent the second year, and the full journeyman scale during his last two years as an apprentice. Thus the ap-

prentice may earn more but never less than his indenture guarantees. The company finds that this not only stimulates production, but also insures more accurate workmanship and greater willingness to accept responsibility.

On the average, the company breaks even, while the competent apprentice boosts his earnings.

Business Week, September 14, 1940, p. 56:1.

Wanted: 1,260,000 Skilled Workers

NEEED for 1,260,000 technical and skilled workers before the end of 1940 is shown by a survey just completed by the American Society of Tool Engineers. Of these, 569,000 are needed for immediate production requirements and 691,000 will be needed before the year is ended.

The survey reveals that 53 per cent of all metal-working plants in the United States are definitely planning to increase productive capacity during the current six months. The A.S.T.E. finds that the shortage of skilled help is general throughout all major geographical industrial areas, although local conditions show variation in the type of shortage involved.

A breakdown by classifications of labor needed shows that industry will require 110,800 tool engineers, 408,800 tool and die makers and 741,000 skilled mechanics.

One of the aims of the survey was to establish the underlying causes of the present shortage as a basis for laying the groundwork for corrective measures. Outstanding reasons are found to be: (1) Educational system has not kept pace with the machine age; (2) union labor's restrictive attitude toward use of apprentices by industry; (3) slowing down and interruption of industrial training programs through depression years.

In connection with the latter cause, the survey revealed that 30 per cent of plants now have some type of apprentice training program, while 41 per cent train some men in their own way for their particular requirements.

—*The Wall Street Journal* 8/26/40

AMA PRODUCTION CONFERENCE

The Fall Production Conference of the American Management Association will be held on Tuesday and Wednesday, November 12-13, at the Hotel Cleveland, Cleveland.

Marketing Management

How Far Do Salesmen Walk?

TO determine whether or not salesmen who walk the farthest get the most business, the Babson Institute arranged with four well-known sales organizations to equip nine of their city and suburban salesmen with pedometers to measure the number of miles walked each day by each of the salesmen selected for the test, for a period of a week. When salesmen started work each morning, the pedometers were set, and when the men returned to their offices in the evening, the mileage walked during the day was recorded.

An outstanding salesman was selected in each organization and his mileage compared with that of a poor salesman in the same company. Foot travel was also studied with respect to different types of products sold; effort expended on various days; city selling as against car-and-foot selling in suburban areas.

It was found that the number of miles which a city salesman walks in seeking new prospects, in contacting old prospects, or in cultivating customers is definitely related to his volume of sales. The successful salesmen in the test walk on an average an 11 per cent greater distance each day than the mediocre salesmen (4.15 versus 3.70 miles daily).

Pedometer records were kept of the foot travel of three types of salesmen:

house-to-house, office-to-office, and store-to-store. The salesmen representing a large house-to-house sales organization walked an average of 4.72 miles daily, or 17 per cent more than the average mileage of the salesmen typifying the three types of selling. The average daily mileage of store-to-store salesmen of food products sold to groceries, bakeries and delicatessen shops was 3.72 miles. Salesmen selling office equipment and walking from office to office averaged 3.67 miles a day.

City salesmen covering congested areas walk farther than men working in suburban and rural territories whose walking is lessened by the use of automobiles in reaching the trade. However, the difference in miles walked by salesmen in these two types of territories is not so great as might be expected. Salesmen working exclusively in city areas walk daily an average of four miles, or only 15 per cent farther than men selling in suburban and rural areas, who average daily 3.42 miles.

Tuesday was found to be the most active walking day of the week for all salesmen studied. Salesmen walk an average of 4.47 miles on Tuesday, or a half mile farther than on any other day of the week. The predominance of Tuesday as a day of major sales activity is confirmed by a survey of salesmen's activity made by the writer

in 1937, when it was found that Tuesday was the most active sales contact day of the week.

A few of the facts which should be known about walking done by a group of salesmen are: (1) distance walked when at work; (2) relation of miles walked to sales produced; (3) comparative foot mileage of excellent, fair and poor salesmen; (4) distance walked by various functional types of salesmen, such as specialty men, juniors, sales engineers, senior salesmen, promotional salesmen; (5) mileage walked by salesmen in various types of territories, as city, suburban and

rural territories; and (6) distances walked on various days of the week.

Pedometer records constitute a simple and inexpensive method of aiding salesmen to use their physical energy to the best advantage. When used in connection with speedometer mileage records and graphic travel recorders to time salesmen traveling by automobile, pedometers carried by salesmen supplement their car travel records with records of foot travel to give a sales manager a complete record of both foot and automobile travel. BY BERTRAND R. CANFIELD. *Advertising & Selling*, August, 1940, p. 25:4.

Consumers' Reaction to a Two-Price System

THE Committee of the Twentieth Century Fund, after making a survey of the costs of distribution, came to the conclusion that marketing costs are high because, among other reasons, customers of retail stores demand a variety of services which in the aggregate are sufficiently costly to affect materially the retailer's expenses of doing business. The Committee suggested that the experiment might be made by retailers of quoting two sets of prices on what they sell: one price when services such as credit, delivery and return-goods privilege are allowed, and a lower price for the product without such services.

A survey to discover the reaction of consumers to such a pricing system was recently undertaken in and around New York City. Nearly 900 house-

wives were interviewed, and their views were as follows:

413 said they preferred to buy in stores with a two-price system, prices differentiated on the basis of services rendered.

452 said they did not prefer to buy in stores using such a pricing system.

A majority then would not appear to be in favor of a two-price system differentiated on the basis of services. However, not many would need to be won over to such a system, and it would seem to be remarkable that so large a number favored it.

Another question asked at the same time was: Do you prefer to buy in cash-and-carry stores as against service stores if a substantial saving is shown? Those preferring cash-and-carry stores numbered 663 or 77 per cent of the voters, and those not pre-

ferring numbered 202 or 23 per cent. It should also be noted that of those who did not prefer the two-price system, numbering 452, over 300 preferred the cash-and-carry store and only 152 did not prefer both the two-price and cash-and-carry stores.

To the question, *On what basis do you now do your buying?* the group answered as follows:

		Percent
Cash & Carry	470	54}
Cash & Delivery	253	30}
Credit & Delivery	141	16
		84%

This would suggest only 16 per cent seek full service and 84 per cent either none or the simplest and most expected services. This result would bear out the previous data.

BY LOUIS BADER. *The Journal of Marketing*, July, 1940, p. 41:3.

The "Typical" Advertising Manager

RESULTS of a survey of 342 advertising managers, conducted by the Advertising Managers Club of Chicago in the fall of 1939, provide a quick picture of the average advertising manager.

This "typical" manager is just under 39 years of age, has been with his present company for 10½ years, and has held his job as advertising manager for seven years. His salary last year was almost \$5,000.

The survey further reveals: The youngest respondent is 23; the oldest, 66. Almost half are college graduates, and three out of four went to college one year or more. One-twelfth didn't finish high school. Fifteen per cent have been with their present companies a minimum of 20 years.

One out of five men questioned works for an "industrial" company, the other four out of five in consumer goods fields. The big bulk—almost half—of the managers work for companies doing one to five million dollars in total annual business. One out of four has a \$50,000-\$100,000 budget; one out of five, \$25,000-\$50,000; another one out of five, \$100,000-\$250,000. Half of their departments employ from one to four people, and three-quarters of them are self-contained units. One-third of these advertising men report to the president or other head officer; one-third to a vice president; others to sales managers, general managers, etc. Two out of five received a bonus in 1938. Nine out of 10 participate in company sales meetings, and more than half participate in their companies' general policy meetings. Nine out of 10 stated that they like advertising well enough to stay in it for the rest of their lives.

—S. R. BERNSTEIN in *Advertising Age* 5/13/40

Advertising Expenditures of Retailers

OF all retail stores, credit jewelers spend the largest percentage of the sales dollar in advertising, according to a survey released by the Newspaper Advertising Executives Association, the proportion being 11.3 per cent. Furniture stores are second with 10.8, millinery stores third with 8.11. Credit clothing stores follow with 8.1, and appliance stores are fifth with 8.0. Other stores and their percentages are: department stores, 7.5; men's apparel specialty stores, 7.0; women's apparel specialty retailers, 7.0; and shoe stores and jewelry stores, 6.7 per cent.

—*Marketing* 8/31/40

Financial Management

Curtain Ringing Up on Inflation

SINCE the early days of the New Deal, inflation has been discussed, debated and held out as a symbol of impending evil. But as the years have passed and prices have failed to make their much talked-of spiral toward the sky, the average citizen has reached something approaching immunity on the point.

On reviewing the evidence, there is nothing surprising about this attitude. With the Government operating at an unbroken string of deficits for the past 10 years, the Federal debt has risen to roughly \$43.8 billion, a record high. At the same time, excess bank reserves have expanded to the unprecedented total of almost \$6.5 billion, and the gold hoard has mounted to \$20 billion, a previously unheard of figure. Yet stock prices are not at boom heights, commodities are below their 1934-39 average, and the cost of living is far less than it was in the 'twenties. Small wonder that the layman has ceased to jump whenever the whip of inflation is cracked overhead!

In some respects, it has all been like a drama. We might say, for instance, that the curtain rang up on a scene called "deficit financing"; the rising action was introduced by "devaluation"; this has been sustained by "economic emergency." And to the leading characters such as "excess reserves" and "gold holdings" there must now be added another: "national defense."

This one struts upon the stage flaunting \$10 billion to \$14 billion of new spending, at least. Which means that the drama now moves more swiftly toward its climax—inflation.

The inflationary cycle is often divided into three phases: (1) the early stage; (2) the critical stage; and (3) the explosive stage. In the first, there is little—if any—logical relationship between the degree of inflation developed and the ascertainable effects. The second represents the period when the rate of response to inflationary forces accelerates sharply, thus making the trend obvious to all. And the third is the time when speculation becomes virtually beyond control.

The first phase in this cycle represents a very slow process; that is important to bear in mind. For example: The "early stage" of inflation consumed 54 months in Germany and 60 to 84 months in the France of the eighteenth century. Reverting to our own experiences, it was 24 months before this phase was completed in the case of the Civil War; 20 months in the instance of the World War; and 60 months in the New Era boom of the 'twenties.

If inflation—particularly in its initial stage—is masked by such subtleties, how can the layman recognize it?

Theoretically, if nothing else, inflation finds its reflection in sharply rising stock prices, declining quota-

tions for gilt-edged bonds, and a boom in commodities. But with governmental controls plus "extraordinary" conditions in international markets, this can scarcely be expected to occur in the first, or even the "critical," stage of inflation. For obvious reasons, the same is true of one of the best indicators of years gone by—rocketing foreign exchange quotations. As far as security and commodity prices are concerned, the orthodox inflation pattern would certainly be seen in the "explosive" stage. But that would be too late for our purposes.

Under the circumstances, one of the best available tools is the index of bank-deposit turnover. Considering the widespread use of checking accounts in this country, the velocity of demand deposits is sure to reflect any flight

from cash into equities and tangible wealth.

Another significant thing to watch is the trend of government financing. A sharp increase in short-term borrowing—in conjunction with continued deficit financing—means that the nation is not far from the "forced loan" stage. After that, it's the printing press.

Because of its creditor status, monetary wealth, and great natural resources, the United States can be made to support a good "case against inflation." But under the existing circumstances, the development of some degree of inflation in this country is inevitable. The best that can be said is that its active evidences will probably be long delayed. BY THOMAS A. FALCO. *Financial World*, August 28, 1940, p. 3:4.

Back to the Land

FARM population in the last decade has grown to 32,250,000 persons, or 2,000,000 more than in 1930, according to the U. S. Bureau of Agricultural Economics. The last ten years have differed sharply from the period between the Census of 1910 and that of 1930, when the number living on farms dropped by 1,900,000 persons.

The call of the city has been less strong in recent years than in pre-depression times. Urbanward migration reached its peak in the five-year period between 1922 and 1926, when 3,480,000 more individuals left farms than returned to them. During succeeding years the tide slowed down considerably until in 1931 almost as many people moved back to farms as left them. In 1932 there was a net back-to-the-land movement of 266,000 persons.

As times improved, migration to the city again exceeded return to the farm, but did not reach the proportions of pre-depression years. From 1934 to 1938, the excess of urban over farm migration was only 1,604,000 persons. As this cityward migration was smaller than the combined natural increase in the population and movement to the farm, the number of individuals living in rural sections today has reached the highest level in the nation's history.

—Dun's Review 8/40

Verification—How Far Is Too Far?

THE extent to which auditors should confirm, and the degree to which they should be responsible for certification of, accounts receivable and inventories are subjects that have been discussed in very considerable detail by accountants and business men ever since the McKesson and Robbins trouble and similar happenings of recent years. In order to obtain the opinion of retail store executives on problems of accounts receivable and inventory verifications, a survey was recently conducted by means of a questionnaire, the replies to which are summarized in this article.

In answer to the specific question of whether or not the regular 30-day accounts receivable should be confirmed by direct correspondence with the customer, 45.83 per cent of the answers were in the affirmative and 54.17 per cent were opposed to this procedure. Thus we see that on 30-day accounts, retail executives are certainly not at this time, in the majority, sold on confirming by correspondence with customers.

The merchants who answered "Yes" to the inquiry, although in the minority, reported as follows as to the percentage of the total accounts that in their opinion should be confirmed:

% TO BE CONFIRMED

10%	_____	66.67%
25%	_____	12.12%
50%	_____	6.06%
100%	_____	15.15%

It must be remembered that the percentages given are those that were accumulated from answers received from merchants, and they are not necessarily the accountant's viewpoint. As a matter of fact, we question whether many accountants would be satisfied to confirm only 10 per cent of the entire accounts receivable and then say they believed the balance of the 90 per cent was correct.

On the answers as to whether instalment accounts should be confirmed by direct correspondence, the situation was considerably different from that on the 30-day accounts, for here there were 62.82 per cent of the answers in the affirmative and only 37.18 per cent that did not believe in confirming instalment accounts.

On the question of whether employees' and stockholders' accounts should be confirmed by direct correspondence, there was an overwhelming preponderance of "Yes" answers, in fact 82.46 per cent, and only 17.54 per cent of the replies indicated "No."

There are two distinct methods of confirming accounts receivable by correspondence. One is known as the positive and the other as the negative method.

Under the positive method a statement is sent to the customer, sometimes printed on a special form which requires her signature, and a stamped envelope is also enclosed for the customer's reply. On the negative form a letter is enclosed with the regular form

of statement or a sticker may be attached to it requesting the customer to write the auditors if the statement is not correct. Under this latter form of verification, the customer is not required to reply and the account is assumed to be correct if she does not answer. Although the negative form is much less costly and not so irritating to the customer, it is neither so effective nor so satisfactory as the positive.

On the problem of verification of inventories and of the extent to which verifications should be made, the answers received were also of considerable interest.

The first question asked whether or not there should be a test-check made of the quantities of the merchandise in the inventory by the accountant. The answers that indicated "Yes" were 87.69 per cent of all those that were returned, and the "No" answers represented 12.31 per cent. Of the nearly 88 per cent that indicated that inventories should be test-checked as to quantity, 51.92 per cent stated that about 5 per cent of the merchandise should be verified, 38.46 per cent indicated 10 per cent, and 9.62 per cent

suggested that 25 per cent be checked.

On another question, that of test-checking the prices on the price tags against the prices shown on the inventory, there were 85.71 per cent who answered that this should be done, and 14.29 per cent indicated they felt it was unnecessary.

As a general rule on audits until recently accountants have confined their work on accounts receivable to checking trial balances and various other tests, but have not confirmed accounts by corresponding with customers. On inventories their work was usually confined to an examination of the inventory procedure, a testing of extensions, footings and summaries of the inventory sheets, as well as various other tests and the securing of a certificate from the management, but merchandise was not checked for either count or price. The situation now is definitely changed, and auditors are held responsible by their clients, bankers and the public for a more thorough verification that will give greater assurance on both accounts receivable and inventories. BY E. H. SCULL. *The Retail Executive*, May 8, 1940, p. 6:2.

Sales Tax Fadeout?

AS a result of recent repeal legislation, Louisiana will be the eighth state to abandon the sales tax when purchasers cease paying tax tokens on December 31. New York allowed its sales tax to expire in 1934, Vermont and New Jersey repealed in 1935, and Idaho, Kentucky, Maryland and Oregon did away with theirs in 1936. The act repealing Louisiana's tax also rescinded the authority granted New Orleans to levy a municipal tax. According to the Federation of Tax Administrators, only six cities—and New York City is the only large one—now collect municipal sales taxes.

—*Business Week* 8/24/40

Shake-Up in Credit

PRESIDENTS, sales managers and personnel men aren't the only ones who will face problems if conscription becomes law.

Credit men, storekeepers and dealers will also have their troubles, the main one being: What to do about customers who are liable for military service? A man whose income may shortly be cut to \$30 a month is not, in most cases, a sound credit risk.

As yet, few sellers have changed their credit arrangements. One reason is that no company wants to be the first to tighten easy-payment policies, which might shunt a lot of business to competitors who would gladly take the credit risk for the added sales volume.

Another reason is lack of precedent for the present situation. In 1917, installment buying was just catching on, and the amount of business conducted on this basis was minute compared with today's volume.

Most department stores intend for the present to extend the usual credit to men of the 21-to-31 age group, for consumers in this bracket usually purchase items which are paid for in six months or less. Dealers whose products make longer-term credit desirable (radios, electric refrigerators, etc.) are asking prospective draftees to provide a co-signer or guarantor for the contract. Registered men will be asked to make substantially larger down payments and will be given substantially shorter terms than is now customary.

Most credit men believe that some sort of moratorium law will be passed to protect draftees from commercial creditors. The World War Civil Rights Act empowered the courts to order temporary deferment of rent, insurance and taxes. The tremendous growth of instalment buying makes it likely that similar legislation today would include some provision for the suspension of commercial credit obligations for registered men.

Consequently, sellers who in the past have issued credit mainly on character, must now place equal emphasis on the buyer's *ability* to pay. Proof of *intent* to pay, formerly considered the best security, will not be enough if the buyer's income is suddenly cut to \$30 a month.

—JOHN BRUNDAGE in *Forbes* 9/1/40

Consumer Expenditures

IN the last three decades, consumer expenditures per person have almost doubled, according to the National Industrial Conference Board. From \$293 in 1909, per capita expenditures rose to a peak of \$670 in 1929, then dropped sharply during the depression. In 1935 they stood at \$449, and in 1937 at \$549.

As the prices and the standard of living rose, the individual spent a larger part of his income on "optional expenditures," those on which he could exercise his own choice. After "subsistence expenditures" or typical disbursements of low-income groups were accounted for in 1909, only 34 per cent of his budget was left for "optional" items. By 1937 this left-over had increased to \$308, or 56 per cent.

A comparison of the two periods, 1900 to 1909 and 1930 to 1935, indicates that disbursements for food dropped from 43 per cent of the budget to 33 per cent. Housing fell from 18 to 16 per cent, and clothing from 13 to 11 per cent, while fuel and light expenditures showed no change. "All other disbursements," only 20 per cent in the earlier period, rose to 35 per cent in the recent years.

—*Dun's Review* 8/40

Insurance

Steam Boiler Explosion Coverage

WITHIN the last few years, the fire and casualty insurance companies have made numerous improvements in their policy contracts, mainly broadening the coverage at little or no additional cost to the insuring public. However, this trend toward complete protection has not applied to all forms of insurance, and outstanding in that category is steam boiler explosion coverage.

A number of times in the past steam boiler companies have been urged without avail to write property damage explosion policies for tenants covering loss caused by the landlord's equipment, and similar loss or damage involving equipment located in surrounding properties.

A tenant of a building still cannot protect his property against steam pressure vessel explosion damage caused by equipment operated by others unless he is willing to pay an exorbitant charge for the coverage by purchasing a steam boiler contract. Even with this insurance he does not obtain full protection, as he cannot arrange for steam boiler explosion cover on equipment in adjoining properties, since he would doubtless be unable to obtain the permission of the property owners for the carrying company to inspect their equipment.

Under the outmoded plan of the steam boiler manual, a tenant can purchase at a percentage of the manual

rate an explosion policy reimbursing himself for loss or damage to his property caused by the explosion of the pressure containers in the building in which he is located, provided the landlord carries similar insurance and the tenant's insurance is issued by the same company insuring the landlord and tied in with the landlord's policy.

The primary purpose of steam boiler insurance is inspection service, and a goodly portion of the premium goes for that expense. The loss ratio on actual explosion damage is very small when compared with the loss ratio of other types of insurance.

Under the latest revision of general and property damage liability rules, the property damage coverage has been extended to include the legal liability of the policyholder in the event of damage to property of others caused by the explosion or breakdown of:

- (a) Boilers and other receptacles under pressure
- (b) Engines, flywheels and turbines
- (c) Electrical power units.

Under the explosion feature of Extended Endorsement No. 4 of the fire policy, coverage is provided for all explosion except explosion originating within steam boilers, pipes, flywheels, engines and machinery connected therewith and operated thereby. The charge assigned to the explosion feature is a small part of the extended cover rate.

If the explosion coverage under Ex-

tended Endorsement No. 4 is modified as has lately been indicated, a tenant could obtain boiler explosion coverage by adding Extended Endorsement No. 4 to his fire insurance, which might be less expensive than the purchase of a limited steam boiler contract and at the same time give him much broader protection.

It would appear that the primary purpose of steam boiler insurance is, and has been for a great many years, to sell inspection service, and only incidentally to provide protection against a catastrophe. As a result of not keeping abreast of the times, boiler companies have missed an opportunity of expanding their premium volume with

both boiler and machinery lines. Many inconsistencies in these policies have made it well-nigh impossible for a broker to provide complete protection at anything like reasonable rates. The policies must be broadened, the procedure in connection with these lines simplified, and, in some cases, rates must be made to reflect a reduction in expense and a low loss ratio.

Unless some drastic changes are made, the broader coverages already available in fire and casualty policies will eventually eliminate the necessity of steam boiler insurance, at least on low-pressure vessels.

By N. C. SPITZ. *The Insurance Broker-Age*, August, 1940, p. 8:2.

"Standard Provisions" in Fire Policies

THE New York State Insurance Department threw a bombshell into the fire insurance community when it suggested recently that the State substitute for a statutory fire policy a number of "standard provisions," prescribed by law for incorporation in every fire policy issued in the State, but permit insurers to incorporate such other provisions as they see fit not inconsistent with the standard provisions.

For more than half a century, New York State has prescribed by statute the exact form of policy which may be used in insuring property against loss or damage by fire. This standard policy may be changed by endorsements and riders of approved form.

To meet demands from certain quarters, a committee headed by the Superintendent of Insurance has been engaged for more than three years in revising the "new" standard policy. The draft prepared by this committee has been strongly supported and strongly opposed at numerous hearings.

The suggestion of standard provisions has been unfavorably received in the fire insurance business generally. Some underwriters, however, have seen possibilities in the proposal and would give it more careful study before reaching conclusions.

One objection to the newly proposed standard fire policy is that it provides for insurance against other

hazards than fire, notably explosion. If this represents a change in the general policy of the State Insurance Department in favor of covering unrelated hazards under one policy, one must assume also that the Department would not disapprove the inclusion of many hazards in a policy which an insurer might draft, provided it contained the standard provisions required by law. This would result in

much trouble in the adjustment of individual losses by the various companies liable, due to the nonconcurrency of the policies involved.

At the same time, it is evident that policies could be drafted which would meet the special needs of an insured more effectively than a standard policy, even when supplemented by several other policies. *The Journal of Commerce*, September 5, 1940, p. 2:1.

Some Facts on Ad Reading Habits

WHICH stories (or ads) get better readership, those accompanied by pictures of children or those with pictures of animals? Surprising as it may be to some advertising men, both men and women readers give more attention to pix of kids than those of animals. That is one of the conclusions emerging from extensive studies of the AAAA and ANPA. Here are five other questions frequently asked by advertising men, and the answers as revealed by these studies:

1. Which interest men more—pictures of other men or pictures of women? *A.* Believe it or not, men prefer pictures of men, women prefer pictures of women.

2. Do group pictures attract more attention than photos of individuals? *A.* A group photograph has 21 per cent advantage over a photo showing one person.

3. Will a full-length shot get more attention than a bust-length photo? *A.* Photographs showing more than the head and shoulders have a 30 per cent advantage.

4. How much does reproduction in two columns increase attention value over a one-column base? *A.* Reproduction in two columns increases attention value 30 per cent over one column; three-column reproductions have a 13 per cent advantage over two-column, 46 per cent over one column.

5. Do sports pictures rate high in readership of underline captions? *A.* Eighty-four per cent of people who see sports photographs drop down to read the underline.

—*The Retail Executive* 7/17/40

Novel Vacation Plan

A NOVEL device to guarantee annual one-week vacations with pay to union members is utilized in a recently effective contract between a New York City employers' association and Local 155 of the I.L.G.W.U. Weekly, for a period not to exceed 40 weeks, the employer credits to each employee's vacation account 3 per cent of the individual worker's earnings for that week. This sum is then turned over to the union, which presumably manages the total fund and itself, rather than the worker's employer, disburses vacation pay to each eligible union member during the months of May and June, the time specified for vacations to be taken. Should total payments to the union prove insufficient to provide vacations to all eligible workers during the first year the plan is in operation, the scale of employer contributions is to be revised upward during the second year. However, no employer may be taxed more than 3 per cent of his gross payroll for the vacation fund.

—*Labor Relations Reporter* 9/16/40

The Management Question Box

Questions and Answers on Management Practice Based on the Inquiries Received by the AMA Research and Information Bureau.

Individual replies are made promptly either by mail or telephone to inquiries received by the Research and Information Bureau. This service is available to executives of concerns holding company memberships. The questions cited here are those which it is believed are of general interest to the membership.

Supplementing Draftees' Army Pay

Question: Do many companies intend to supplement the army pay of conscripted employees or continue their wages or salaries for any specified period?

Answer: An AMA questionnaire survey of 29 representative companies employing about 300,000 workers showed considerable variation in policies with regard to such payments. A similar diversity of policies appears in 10 additional responses which have been received since the original summary was compiled.

Eight of the 39 reporting companies stated definitely that they did not intend to make any supplementary payment to employees undergoing extended military training.

The uncertainty evident in the replies may have been due in part to the fact that a 1917 Federal statute makes it a misdemeanor punishable by \$1,000 fine or six months' imprisonment to give private compensation to persons in Federal service. This obstacle, however, has been removed in the draft bill as finally passed by a provision that previous prohibitions of all other laws on this subject shall not apply.

A number of concerns will apply to conscripted employees the policies adopted for the two- and three-week National Guard training period, and in some cases will extend the period of payment. Of this group, five will grant vacation pay; in one instance this is a vacation of one week.

Other policies of this group are as follows:

1. The difference between the company pay and army pay for three weeks plus vacation pay.
2. Difference between company pay and army pay for two weeks, and vacation pay.

3. Difference between company pay and army pay for three weeks (2 companies).
4. Difference between company pay and army pay for three months.
5. Difference between company pay and army pay for three months to employees with dependents; others, one month.
6. Difference between company pay and army pay for three months. Government allowances to family or dependents will also be deducted as will employees' contributions to group insurance plan and any other deductions required by law.

Seven companies are paying full wages or salary for short periods as follows:

Three weeks' pay

One month's salary

One month's pay upon departure *unless the individual has already been paid during the three-week summer training period*, in which event he will receive only one week's pay.

"Two months' full wages or salary from the date of leaving the company's employ to enter military service in response to call or by enlistment will be granted to employees who have had one or more years of company service when inducted into military service. Any such employees who are eligible for and have not taken their vacations prior to the time of being inducted into military service will also be granted pay in lieu thereof in accordance with the termination-of-service provisions of the vacation plan for wage-roll employees."

\$3.50 per day for the days served up to three weeks.

One month's salary to those with one year's service with the company; two months' salary for two years' service; three months' salary for three years' or more service.

One-half month's pay for six months' service with the company or less; one month's pay for each year of service up to and including three years.

Two respondents stated that the case of each employee will be considered on its merits.

Three companies are considering special plans for supplementary compensation for service men:

(1) One company states: "At present we are thinking of a plan whereby we would pay to any employee called into military service for training 50 per cent of his company salary for a variable number of months, depending on his length of service, possibly starting with one month for one year's service and running up to 12 months for 12 years' service without regard to

any income he might receive from the Government. Such a plan would have what in our minds are two desirable results: It would in no way stifle the employee's initiative or lessen his desire to improve his rank in military service, as might result from the policy of making up the difference between his military pay and his company pay; and it would put some pressure on the employee to adjust his scale of living to his probable income over the period of training, which we feel is not unreasonable to expect."

(2) Another company is considering paying two-thirds of the difference in pay to men with dependents.

(3) The third company states: "We are considering paying from one-half to two-thirds of last pay less army pay and allowances for single men, and upward to 100 per cent of last pay less army pay and allowances for married men, for the entire period during which they are away. If we followed this course, we would make it plain to each individual that our policy was subject to revision at any time, because we cannot foresee all the contingencies involved but must keep ourselves in a position to re-examine new conditions as they arise."

The remaining seven companies have not yet decided on their policies.

NOTE: "Company Policies Covering Long-Term Military Service of Employees," the AMA study from which this data was taken, has been revised and brought up to date. Copies of the revised survey are available to company members upon application to AMA headquarters.

Establishing Standard Allowances

Question: How are standard allowances for operating expenses usually established under a supervisory incentive plan?

Answer: One carefully designed plan that has been operating successfully for a number of years is based on standard allowances for each item of operating costs that vary according to fluctuations in dollar volume of production. Each foreman receives a monthly statement showing the comparison between the standard budget allowance and the actual operating cost of his department. A bonus is then paid at an established rate per dollar of saving if the actual expense is less than the standard.

The cost items of one typical department in this company include direct labor; indirect labor, consisting of supervision and clerical salaries, overtime bonus, miscellaneous indirect labor and setup time; expenses which are classified as power and process steam, miscellaneous supplies, maintenance, supply labor and expense, depreciation on tools, jigs and fixtures, fixed charges on equipment and rent.

A piecework incentive plan provides the standard allowances for most of the productive labor.

Indirect labor and expense standards have been computed in the following manner: Actual operating expense for each item during a period of low

activity, such as that of 1933, was carefully studied. When necessary adjustments had been made, these actual figures were used to set up standards for a base level of activity. Similar studies were made of the 1929 peak period to establish standards based on actual experience for a high level of activity.

The difference in the dollar volume of production at base and peak production levels was then compared with the difference between the base and peak standard allowances for each item of expense to determine a standard rate of allowance. Assume, for example, that the base level of production is \$200,000 and the peak level \$700,000, showing a difference of \$500,000. If standard budgeted allowance for supervision and clerical expense is set at \$1,000 for the base level and \$1,400 for the peak level, the \$400 difference divided by the \$500,000 figure gives a rate of \$.0008, which becomes the standard allowance per dollar of production as volume exceeds the base level.

Thus a production rate of \$300,000, or \$100,000 in excess of the base level figure, would result in a supervision and clerical allowance of \$1,000, the base level standard, plus $\$100,000 \times .0008 = \80 , or a total of \$1,080.

While these figures are fictitious, they illustrate the manner in which standard allowances are established for each item of indirect labor and expense. When changes occur in operating conditions, adjustments are made accordingly in these standards.

Advertising Under the Microscope

DURING 1939 the Federal Trade Commission's radio and periodical division examined 123,646 magazine advertisements, 124,793 newspaper advertisements, 22,348 pages of mail-order advertising, and 1,569 advertisements in almanacs. During the first six months of 1939 it also examined 334,532 commercial radio continuities.

Of the magazine advertisements examined, 12.1 per cent were marked as "warranting further investigation"; 7.9 per cent of the newspaper advertisements were so marked; 1,129 of the mail-order advertisements; 20.7 per cent of the almanac advertising; and 4.2 per cent of the radio commercials.

"High scorer" in the list was the fiction group, including pulps, whose advertising caught the inquiring gaze of the FTC so frequently that 29.4 per cent of all advertising was marked for investigation. Close runners-up in the magazine field were movie fan magazines, with a score of 27.9 per cent; fraternal magazines, 25.7 per cent; and health magazines, 23.1 per cent.

Theater magazines ranked highest in the purity scale, with only 1 per cent of their advertising content open to question, while "trade and specialist" publications were next with 2.4 per cent, followed closely by sports and hobbies papers with 2.9 per cent.

In the newspaper field, foreign-language papers printed the largest percentage of questionable advertising, 14.3 per cent of their advertising being referred for further investigation.

—*Advertising Age* 7/22/40

Survey of Books for Executives

The Pulse of Democracy. By George Gallup and Saul Forbes Rae. Simon & Schuster, New York, 1940. 335 pages. \$2.50.

This book is considerably more than a descriptive treatise on public opinion polls.

The principal structure of the volume may be summarized as follows:

(1) Democracy—a living, dynamic creature—is good. After pointing out that democracy has recently been subjected to unusual criticism, the authors ask: “Is democracy really inferior to dictatorship? Can democracy develop new techniques to meet the impact of this strange new decade?” In reply they quote Theodore Roosevelt: “The majority of the plain people of the United States will, day in and day out, make fewer mistakes in governing themselves than any smaller group will make in governing them.”

(2) The public opinion poll is “the pulse of democracy.”

(3) Therefore, the public opinion poll is good.

Throughout the book these three appear, sometimes in logical array, often inextricably interwoven in the manner of a Wagnerian *leitmotiv*.

The volume consists of three major

sections, two appendices, a useful bibliography, and an adequate index.

In Part I, “The Method,” the authors quote James Bryce to point out that “The obvious weakness of government by opinion is the difficulty of ascertaining it.” The authors then propose the public opinion poll as “the pulse of democracy.” Not for long, however, is the reader allowed to believe that the solution is so simple. With impartial scientific thoroughness, Messrs. Gallup and Rae dig up the now defunct mastodonic *Literary Digest* poll and point out the organic weaknesses responsible for its low survival value. Principal fault of the *Digest* poll was its indigestible sample—which was not representative. The *Digest* re-burial services are, however, not without a touch of human kindness as the authors abandon their impartial scientific view and point out that the *Digest's* sponsors were nevertheless sincere and honest. After this sad but necessary event, the authors describe in detail how to avoid a similar fate. Problems of random and controlled sampling, statistics and similar topics are discussed. We are shown how even a small sample is adequate providing it is representative.

Part II, “Explorations in Public

Opinion," consists of nine chapters describing the variety of fields in which "the will of the people has been ascertained," the "pulse of democracy" measured. Three stages of democracy are cited as outlined by the authority, Mr. James Bryce. He is then quoted as writing: "A fourth stage would be reached if the will of the majority of the citizens were to become ascertainable at all times." We are then shown how the opinion poll has already ascertained the will of the majority. The particular virtue of the poll is illustrated by a comparison of the Roosevelt landslide of 1936 and the people's refusal to subscribe to Roosevelt's "curb the Supreme Court" program.

Part III, "Evaluation," considers three current criticisms of the polls.

The first charge is from politicians, organizations and partisan groups who object to specific poll results which contradict what they have predicted or would like to have the people believe. This group of critics is dealt with summarily—by almost complete disregard. Actually the preceding part of the book with its mass of data demonstrating the poll's accuracy is the best answer to these critics.

A second type of criticism, the authors state, comes from those who profess to desire a measure of public opinion, but point to defects in the poll. The "possibility of bias due to dishonest sponsorship" is shown to be an impossibility because: (1) "The financial sponsors of its (the Institute of Public Opinion's) researches are a multipartisan group of over one hun-

dred newspapers"; (2) elections serve as a check; (3) the public has taken an alert and critical attitude toward polls; and (4) there are competitive polls. To the criticism that polls cannot measure "issues" because one cannot really find out people's opinions simply by asking them, the authors reply that issue polls are conducted like election polls, that an analysis of the findings of over 1000 surveys on issues justifies their accuracy on a common-sense basis, and that "competition provides the final check on the accuracy of issue polls."

The third criticism consists of several parts: "Polls weaken the democratic process, either by destroying interest in elections or by creating a 'band-wagon vote' among the doubtful voters." The fact that the popular vote for president increased tremendously from 1920 to 1932 when the *Digest* poll was very popular, and hit an all-time high in 1936 when polling interest was at its peak, is cited as evidence that polls do not destroy interest in elections. The more serious criticism that doubtful voters get on the "band-wagon" as shown by polls is demonstrated to be unfounded by the fact that in numerous elections covered by polls this rush to the "band-wagon" did not develop.

This book is as definite a milestone as the public opinion poll which it discusses. It is well worth serious study by every American who cherishes his *duty* to vote. In France democracy has turned out to be a "stumblebum." The public opinion poll, by taking "the pulse of democ-

racy," can play an important role in keeping the same thing from happening here.

*Reviewed by Albert D. Freiberg,
The Psychological Corporation.*

Capitalism the Creator. By Carl Snyder. The Macmillan Company, New York, 1940. 473 pages. \$3.75.

Under this title Mr. Snyder endeavors to sum up the results of 20 years of research in quantitative economics set against the long historical background of the capitalistic system.

Recent excavations have revealed that this "system" may be ten thousand years old or more. It was in full bloom at least four thousand years ago in Babylonia, where hundreds of thousands of clay tablets testify to a business organization essentially the same as our own, with factories, trade, banking, insurance and holding companies. Mr. Snyder's thesis is that in all human history there has been one way, and only one, by which nations and

peoples have grown rich, cultured and civilized: and that is the way by which our own extraordinary wealth, comfort and well-being have come to be.

The long depression prevailing through the past 10 years was the first serious halt in the almost unbroken industrial growth of the last two centuries. Not a single decennium in the last century and a half failed to show this steady growth. The prevailing arrest is due almost wholly to the mismanagement of our credit and banking system, fostering a wild speculative boom, with the inevitable collapse and a period of profound social unrest—all from a lack of understanding of the nature of our economic system, and the means by which we had become the richest, freest and most advanced nation that ever existed.

The volume contains a series of 44 original charts based upon the author's researches; these are supplemented by a series of eight brief chapters, from which the whole story may be gathered with but slight reference to the text.

BOOKS RECEIVED

Civil Engineering Handbook. L. C. Urquhart, Editor-in-Chief. McGraw-Hill Book Company, Inc., New York, 1940. Second edition. 877 pages. \$5.00. A compact treatise of the whole field of civil engineering, revised and brought up to date.

Recruiting and Selecting Salesmen. Policyholders Service Bureau, Metropolitan Life Insurance Company, New York. 20 pages. Gratis. Outlines current practices in this phase of sales management.

Canadian Trade Index: 1940. Canadian Manufacturers' Association, Inc., Toronto, 1940. 842 pages. \$6.00. An authoritative directory of the products manufactured in

Canada with the names of the firms making them.

Size Selection Simplified. Compiled and published by W. J. Blackburn, 560 West 42nd Street, New York, 1940. 53 pages. \$12.75. A guide to the efficient planning and production of folders, booklets and commercial printing.

Industrial Relations in Wartime: Great Britain, 1914-1918. Compiled by Waldo Chamberlin. Prepared under the direction of the Division of Industrial Relations, Graduate School of Business, Stanford University. Stanford University Press, Stanford University, Calif., 1940. 239 pages. \$3.00. Annotated bibliography of materials in the Hoover Library on War, Revolution, and Peace.

Motion and Time Study. By Ralph M. Barnes. John Wiley & Sons, Inc., New York, 1940. Second edition. 390 pages. \$3.75. Thoroughly practical treatment of this important production technique, with new illustrative material.

Current Policies in Personnel Relations in Banks. By Helen Baker. Industrial Relations Section, Princeton University, Princeton, N. J., 1940. 50 pages. \$1.00. Reviews trends and the most apparent changes in personnel relations in banks during the past five years.

Fire Insurance Inspection and Underwriting. By Charles C. Dominge and Walter O. Lincoln. *The Spectator*, New York, 1939. Fifth edition. 1,072 pages. \$6.50. Encyclopedic handbook covering insurance terms, the policy contract, fire hazards, fire protection, etc., revised for the first time since 1929.

War Propaganda and the United States. By Harold Lavine and James Wechsler. Published for the Institute for Propaganda Analysis by Yale University Press, New Haven, 1940. 363 pages. \$2.75. An attempt to denote the various propagandas now at work formulating American foreign policy and particularly America's role with respect to the current war in Europe.

The Insurance Almanac: 1940. Edited by John D. Hogshead. The Underwriter Printing and Publishing Co., New York, 1940. 1,191 pages. \$3.00. Who, what, when and where in insurance.

Business Policies and Management. By William H. Newman. South-Western Publishing Co., Cincinnati, 1940. 644 pages. \$4.00. A comprehensive college text on the nature and problems of business administration.

Modern Export Packing. By Joseph Leeming. Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce. United States Government Printing Office, Washington, D. C., 1940. 530 pages. \$1.00. A manual for American manufacturers and shippers, with an appendix covering port conditions in 1,200 world seaports.

What Do I Do Now? By Mildred M. Payne. The Gregg Publishing Company, New York, 1940. 120 pages. 76 cents. A guide to correct conduct and dress for business people.

Robinson-Patman Guide Book. The American Institute of Food Distribution, Inc., New York, 1940. 143 pages. \$8.50. A digest of the practical meaning of the Robinson-Patman law as written in U. S. court decisions and F. T. C. orders.

Industrial Surveys and Reports. By Walter Rautenstrauch. John Wiley & Sons, Inc., New York, 1940. 189 pages. \$2.50. A well-organized discussion of the technical content of engineering reports.

The I.L.O. Year-Book: 1939-40. International Labor Office, Washington, D. C., 1940. 345 pages. Paper, \$2.00; cloth, \$3.00. A review of outstanding events in the world of industry and labor during 1939 and the first quarter of 1940.

Cost Accounting. By John G. Blocker. McGraw-Hill Book Company, Inc., New York, 1940. 705 pages. \$4.00. Textbook on fundamental problems of cost control and accounting as they apply to all types of business units.

Boiler and Machinery Insurance. By James H. Coburn and Dale F. Reese. Published by The Travelers Indemnity Company and The Hartford Steam Boiler Inspection and Insurance Company, 1940. 75 pages. \$1.00. Lectures before the Insurance Society of New York, revised to March 1, 1940.